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UNCLAS ANKARA 000315

SIPDIS

SENSITIVE

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SUBJECT: TURKISH ELECTRICITY TO IRAQ -- ENERGY MINISTRY

SKEPTICAL OF PRIVATE SECTOR SOLUTION IN NEAR TERM

REF: HQ CPA 466

Sensitive but unclassified -- not for internet distribution.

¶11. (SBU) Energy Ministry Under Secretary Sami Demirbilek told us January 16 that Turkey continues to look for ways to help Iraq meet its electricity deficit, but needs more information about the amount and duration of Iraq's electricity shortfall. He said that Turkey will have a surplus of electricity through 2006 and is therefore able to help.

¶12. (SBU) Currently, Turkey's Karadeniz Energy Company sends about 85 MW to Iraq from generators in the border town of Silopi. Company President Dogan Karadeniz told us that the company is replacing damaged transformers in Iraq, allowing Karadeniz to boost deliveries to 130 MW. He said the company planned to boost deliveries to 200 MW by June, but further increases are not possible because of the limited capacity of the single transmission line connecting Turkey and Iraq.

¶13. (SBU) Demirbilek said several companies have approached the Ministry to discuss schemes for selling more power to Iraq. (Officials from the Washington Group were in Ankara earlier in the week for preliminary discussions.) He was skeptical that private companies would be able to help with Iraq's electricity shortfall -- at least in the near term. Karadeniz is using the only available transmission line to Iraq; therefore, a further increase in electricity to Iraq will require the construction of new transmission lines. Company officials told Demirbilek that recovering the investment for a new transmission line would require a guaranteed contract for at least four years, which they understand CPA cannot agree to.

¶14. (SBU) An agreement between Iraqi officials and Turkey's Energy Ministry might be the best alternative for moving ahead quickly, Demirbilek suggested, because the Ministry wants to help for political reasons and need not be as concerned as private companies about price and revenues. Moreover, the Ministry could more quickly coordinate among the various state institutions that must be involved.

¶15. (SBU) Demirbilek said Turkey does not have good information about Iraq's power needs and would like to learn more about CPA's short and medium term plans to fill the gap. He said Turkey would appreciate a visit by Iraqi officials to explain the electricity requirements in Iraq and consult on how Turkey can be helpful.

Baghdad minimize considered.
EDELMAN